

August 14, 2009

California ISO  
Attn: Margaret Miller  
P.O. Box 639014  
Folsom, CA 95763-9014

Dear Margaret:

In response to your request for feedback on the CAISO's Draft Final Proposal for the Design of Proxy Demand Resource (PDR) dated August 5, 2009, SCE would like to make the following comments:

The term "gaming" needs to be better defined in order to determine whether it refers to participants finding ways to achieve a superior gain or materially affect the clearing prices in other CAISO markets. An informal discussion at the July 28, 2009 stakeholder meeting was a good start towards better defining "gaming" concerns and SCE encourages CAISO continue to formalize and document the different aspects of "gaming" to determine the associated risks and mitigations.

SCE continues to be concerned with the aggressive timeline citing Spring 2010 for PDR implementation. There are significant process and systems work to be done by the CAISO, the IOUs and potential CSPs. In addition, the CPUC may potentially need to address rules, guidelines or requirements for participation in this new wholesale market product for Demand Response. Significant resources will be expended by all parties to meet the aggressive implementation timeline. Proper project planning to better define the scope of work for PDR implementation would yield a less arbitrary and hopefully realistic timeframe for implementation.

Thank you for the opportunity to comment on the Draft Final Proposal for the Design of PDR and SCE looks forward to working with CAISO and the other stakeholders on finalizing details and moving towards implementation.

Sincerely,

SCE Participating Load team leads

Jeremy Laundergan, Sr. Project Manager TP&S  
Muir Davis, Sr. Project Manager ES&M